GST Data Analysis
Transforming data into value for our clients

One of the major challenges when preparing GST returns and managing compliance is the integrity of the underlying data.

What is it?
The KPMG GST data analysis is one of the services KPMG offers as part of its GST review process. By analysing transactional information from your subsidiary ledgers, we are able to identify opportunities, errors and exceptions using our analytical software tool.

What are the benefits of undertaking a KPMG GST data analysis review?
Errors can arise in core data emanating from the accounts payable and/or accounts receivable subsidiary ledgers; data that is relied on when preparing the GST returns.

If the underlying numbers that are relied on for GST returns are incorrect, your business may be missing out on under-claimed GST, or may have overpaid suppliers. Your business can be exposed to time and cost involved in correcting these errors as well as penalties and reputational damage with Inland Revenue.

Having the analysis performed will assist in providing evidence of due care and may mean your risk profile reduces, if a tax audit occurs. The review will also alert you to any issues, that may need correction.

We will have an initial discussion with you to determine what the key risk areas are and how your accounts payable and/or receivable system processes work.

The KPMG data analysis can identify:
- Under and over recovery of GST;
- Cash flow opportunities;
- Irregularities and inconsistencies in data;
- Where system improvements could be made.

Once we have set up the analysis model, we can perform regular reviews as part of your internal tax audit procedures.

What tests are included in the KPMG data analysis review?
The tests cover a wide variety of areas. We can discuss with you the tests that may be useful to perform specific to your business to ensure you are legitimately maximising your input tax claim.

Examples of the types of tests and reports we can produce:

**Accounts payable**

**Supplier variance analysis** – highlights inconsistent GST treatment for the same supplier and estimates potential under or over recovery.

**GST rate analysis** – shows transactions where GST differs from the standard rate and 0%.

**GST default exception report** – where relevant, we will report on transactions where the GST claimed differed from the GST default rate.

**Zero rate GST analysis** – shows transactions where GST has not been claimed.

**Duplicate tests** – we will perform a variety of tests checking for duplicate transactions eg where suppliers may have been paid more than once for the same invoice, perhaps resulting from manual over-ride of internal systems controls.
**Currency analysis** – if relevant, we will prepare a summary of transactions by currency and identify whether GST has been claimed on foreign currency transactions.

**Period variance** – we will provide a report on the number of days between invoice date and posting date. This may highlight not only potential cash flow benefits, but also accounting issues.

**Payments analysis** – this report provides an analysis of the time delay between invoice date and payment date.

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**Other data analytics tests**

In addition to the GST testing set out above, our data analytics tools can undertake a wide range of non-GST tests of your choice. These include suspicious transactions testing and spend analysis.

**Accounts receivable**

The tests noted above can also be carried out on your accounts receivable data.

**What do I receive?**

As well as the reports noted above, we will prepare a high level executive summary showing the key points, risks and recommendations based on the results of each test. We will discuss the results of the test with you when we meet.

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**Summary**

A summary of the key steps in the KPMG GST data analysis process:

- We meet with you to discuss your systems and to understand what the key risk areas may be with your business. We can discuss the time period you would like reviewed. Typically we review a one year period, which may follow your financial year, but this can be suited to your requirements. At this time we can provide you with our data request form (for the transactional data and master files) and discuss this with your IT person;

- We obtain the data from you (we can provide assistance with this if required, at an additional cost) and our IT specialists process it through our software tool and prepare the reports;

- Our specialist GST team will review the results, in light of what we have discussed with you and highlight opportunities and areas of key concern, both on the individual reports and in the executive summary;

- We will present the reports to you, discussing our key findings and what the main issues were. We will suggest areas where improvements can be made and will incorporate that in our executive summary;

- After you have reviewed the report, we can assist you with (where relevant):
  - Implementing system improvements;
  - Quantifying over or under claimed GST and submitting adjustments to and liaising with Inland Revenue;
  - Staff training.

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**Contact us**

If you would like further information on how we can assist your organisation in undertaking a GST review, please contact the following indirect tax professionals:

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